



U.S. Department of Justice

United States Attorney
Southern District of New York

86 Chambers Street, 3rd Floor
New York, New York 10007

March 31, 2010

BY HAND

Hon. Robert E. Gerber
United States Bankruptcy Judge
United States Bankruptcy Court
Southern District of New York
One Bowling Green
New York, New York 10004

Re: *In re Lyondell Chemical Co., et al.*, Case No. 09-10036 (REG)

Dear Judge Gerber:

This Office represents the United States of America (the "United States") in the above-referenced chapter 11 proceedings. The United States filed proofs of claim against the Debtors alleging, *inter alia*, environmental liabilities for response costs, natural resource damages and civil penalties.

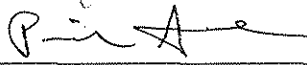
Enclosed please find a courtesy copy of the proposed Settlement Agreement Among the Debtors, the Environmental Custodial Trust Trustee, the United States, and Certain State Environmental Agencies (the "Settlement Agreement"). Also enclosed please find a courtesy copy of the Notice of Lodging of the proposed Settlement Agreement filed with the Clerk of the Court.

In accordance with Paragraphs 50 and 51 of the proposed Settlement Agreement, the United States requests that the Court not approve the proposed Settlement Agreement at this time. The United States will publish notice of the lodging in the *Federal Register*, following which the United States Department of Justice will accept public comments on the proposed Settlement Agreement for a 15-day period. In addition, the United States understands that one or more state agencies who are also parties to the proposed Settlement Agreement (collectively, the "States") will accept public comments on the proposed Settlement Agreement during the same 15-day period. After the conclusion of the comment period, the United States and the States will file with the Court any comments received, as well as responses to the comments, and at that time, if appropriate, will request that the Court approve the proposed Settlement Agreement.

Thank you for your consideration of this request.

Respectfully submitted,

PREET BHARARA
United States Attorney

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:	:	Chapter 11
	:	
LYONDELL CHEMICAL COMPANY, <i>et al.</i> ,	:	Case No. 09-10023 (REG)
	:	
	:	Jointly Administered
Debtors.	:	
	:	
	:	
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**NOTICE OF LODGING OF
PROPOSED SETTLEMENT AGREEMENT**

The United States of America hereby lodges with the Court the proposed Settlement Agreement attached hereto as Exhibit 1.

In accordance with Paragraphs 50 and 51 of the proposed Settlement Agreement, the United States requests that the Court not approve the proposed Settlement Agreement at this time. Notice of the lodging of the proposed Settlement Agreement will be published in the *Federal Register*, following which the United States Department of Justice will accept public comments on the proposed Settlement Agreement for a 15-day period. In addition, the United

States understands that one or more state agencies who are also parties to the proposed Settlement Agreement (collectively, the “States”) will accept public comments on the proposed Settlement Agreement during the same 15-day period. After the conclusion of the comment period, the United States and the States will file with the Court any comments received, as well as responses to the comments, and at that time, if appropriate, will request that the Court approve the proposed Settlement Agreement.

Dated: New York, New York
March 30, 2010

PREET BHARARA
United States Attorney for the
Southern District of New York
Attorney for the United States of America

By: /s/ *Pierre G. Armand*
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CERTIFICATE OF SERVICE

I, PIERRE G. ARMAND, an Assistant United States Attorney for the Southern District of New York, hereby certify that on March 30, 2010, I caused a copy of the foregoing Notice of Lodging of Proposed Settlement Agreement to be served upon the following by Federal Express:

Deryck A. Palmer
Cadwalader, Wickersham & Taft LLP
One World Financial Center
New York, NY 10281
Counsel for Debtors

Edward S. Weisfelner, Esq.
Brown Rudnick LLP
Seven Times Square
New York, NY 10036
Counsel for Unsecured Creditors Committee

On March 30, 2010, I further caused the foregoing Notice of Lodging of Proposed Settlement Agreement to be served on the remaining parties to these proceedings electronically, through the ECF system.

Dated: New York, New York
March 30, 2010

/s/ Pierre G. Armand
PIERRE G. ARMAND
Assistant United States Attorney